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ORR TARGETS FOR THE IPC - ALBANIA

REFERENCE: Priority National Intelligence Objective II.D. (DCID 4/6)

The strengths and weaknesses of the Soviet (including Satellite) economy, with particular reference to its ability to support a major war; the motivation, character, and magnitude of current economic development programs, their implementation and their effect upon the economic, political, and military strength of the Soviet Bloc; the capabilities and vulnerabilities of the Soviet and Satellite internal communications systems.

GENERAL

Albania is a backward agricultural country with the smallest population and lowest standard of living in Eastern Europe. About 76% of its labor force of 660,000 is engaged in agriculture.

Collectivization has been accelerated since late 1955 and by the end of April 1957, 33% of the farms and 40.8% of the arable land was collectivized. The Second Five-Year Plan (1956-1960) foresees 70% of the arable land in regular collectives and 15% in simple type cooperatives by 1960.

The development of agricultural production during the current Second Five-Year Plan is admittedly the most important task facing the Communist regime in Albania. Self-sufficiency in bread grains production (wheat, rye and corn), along with increased production of industrial crops, and increased livestock numbers is being sought. The removal of the present system of food rationing is ultimately tied to the anticipated increase in agricultural production. Nevertheless, if planned imports of bread grains and other food commodities made possible by a loan from the USSR materializes, food rationing probably will be removed during 1958.

The actual expansion of agricultural production during both 1955 and 1956 was disappointing to the planners. Annual plans were, no doubt, over-optimistic but, allegedly, bad weather and "other factors" were instrumental in the shortfall of both crop and livestock production. The "other factors" probably refer to the acceleration of agricultural collectivization which appears to have had a depressive effect on agricultural production.

In the future, the agricultural sector may contribute a greater share to the national economy. The Second Five-Year Plan includes the expansion of the area planted to those crops believed to be better suited to the soils in Albania. Cotton, tobacco, and sugar beets will constitute

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the major industrial crops while due to the anticipated shortage of a concentrated forage for farm animals, sheep raising will be emphasized rather than swine or cattle. Present plans also include increased mechanization of agriculture and the use of a larger quantity of fertilizers.

According to preliminary estimates of food availability, the average daily per capita caloric intake for the consumption year 1956-57 no more than approximated prewar consumption. Albania has been a net importer, especially of bread grains, during the entire postwar period. Although imports of bread grains will, allegedly, no longer be necessary by 1960, increased agricultural exports of tobacco, timber, citrus fruits, certain processed foods, hides and medicinal plants are planned by the end of 1960.

The compulsory delivery system in Albania remains essentially the same as at the end of the First Five-Year Plan (1951-1955). The state's compulsory delivery quotas must still be met before a peasant may sell a particular commodity on the free market.

As possibilities for increased imports are limited, the raising of the standard of living in Albania is largely dependent on increased agricultural production. Expansion of many of the consumer goods industries must necessarily await the increased production of fibers, tobacco, sugar beets and other commodities.

The limited industrialization in Albania is concentrated in the extractive industries rather than in manufacturing. Chromite, copper and petroleum are the country's principal mineral resources, but only chromite production is significant in the total output of the Bloc.

Because of the extremely limited financial resources of the country, industrialization, such as it is, has been the result of outside aid from Yugoslavia (up to 1948), the USSR and other Satellites. Labor productivity is very low because of the small amount of capital equipment, the low level of education and training, poor nutrition and health conditions, and managerial inefficiency.

Generally successful implementation of the First Five-Year Plan was claimed by the regime, although the agricultural goals of that Plan were not fulfilled. The planned rate of growth in both industry and agriculture in the Second Five-Year Plan is lower than in the First Five-Year Plan, but many economic problems face the government. Continued aid from other Bloc countries is essential if the present rate of growth is to be maintained.

Albanian foreign trade totals are relatively small, and its large import surplus dates back to pre-war times. Attempts to develop the

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Albanian economy have been concentrated largely on the field of agriculture and the agricultural processing industry as well as on the further development of various mineral resources, e.g., petroleum, chrome ores, copper, coal, bitumen, etc. Since the break with Yugoslavia in 1948, the Albanian economy has been heavily subsidized by Soviet Bloc countries through the extension of grants and long-term loans, and foreign trade has been carried on almost exclusively with the Bloc. This represents a distinct departure from the pre-war situation when most of Albania's trade was with the West, Italy alone having taken about 67% of her exports while supplying about 36% of her import needs in 1938. Probably the most important recent development affecting the Albanian economy occurred as a result of talks held during April of this year. Substantial Soviet concessions included the cancellation of Albanian indebtedness for industrial projects that had been built in Albania with Soviet credits and are valued at 348 million rubles (\$87 million) and credits for other goods and equipment valued at 74 million rubles (\$18.5 million) outstanding as of 1 January 1957. The Soviets also agreed to extend assistance in working out long term plans for the development of the Albanian economy during the next 10-15 years. Necessary technical aid as well as agricultural credits valued at 31 million rubles (\$7.75 million) were also extended.

BASIC REQUIREMENTS

Economic plans, programs; national budget information including revenues and expenditures and presenting a complete breakdown by categories to show income and expenditures respectively by contributing and receiving sectors; investments in current prices for 1956 and planned investment for 1957 by economic sector, distinguishing between allotments for new construction, equipment and maintenance; military expenditures; economic aggregates including information for industry and the manual trade sectors broken into major subsectors such as mining, metallurgy, machine building, chemicals, and other for both gross national product and national income for all postwar and one prewar base year; price catalogues which give current wholesale prices and fixed prices used for accounting purposes.

Ruble values of total exports and imports by year since 1950; geographic distribution of trade by country or by area (Soviet Union, European Satellites, Communist Far East, Non-Communist World); commodity composition of trade by major grouping; details of trade and payment and credit agreements signed by Albania; economic and financial relations with the West, particularly with Yugoslavia and Italy; evidence of continued Soviet control of economy; total value of long-term indebtedness still outstanding, broken down by creditor nation and terms of repayment; status of short-term commercial indebtedness; methods of payment to foreign countries and gold and foreign exchange holdings of the Albanian State Bank; exchange rates for the lek, for both commercial and non-commercial purposes; relation between internal Albanian prices and foreign trade prices.

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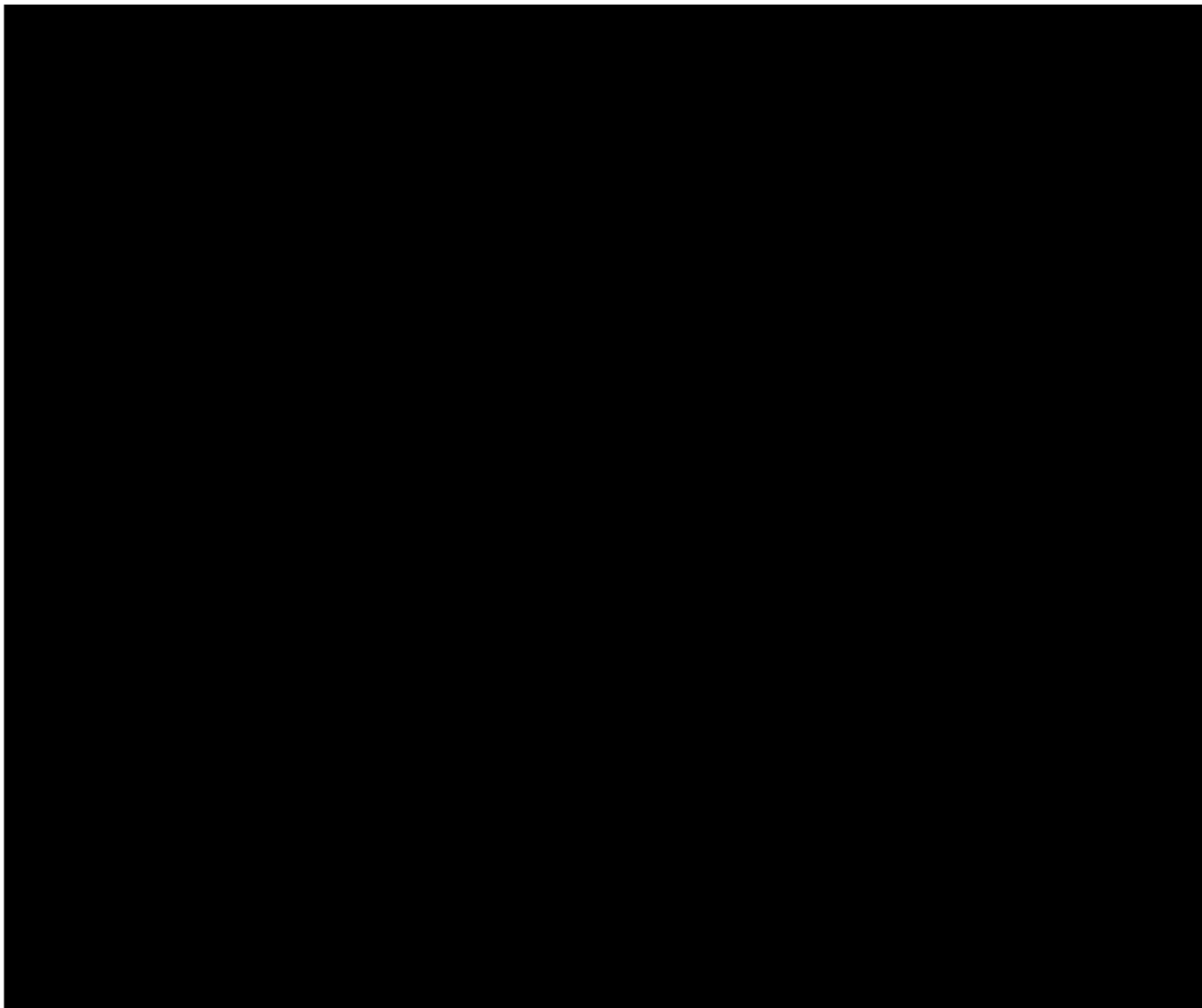
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Economic plans (short and long-term), planning apparatus, policies and programs related to agriculture and achievements and failures of these.

Production, distribution, stockpiling and use pattern of grains, potatoes, sugar, vegetable oils, meat, animal fats, fish, fibers and forestry products.

Volume and character of foreign trade for commodities shown in previous paragraph, with special emphasis on intra-bloc transactions; competition for agricultural markets; information on use of agricultural products as a source of exchange; agricultural trade channels and techniques, particularly as related to transshipment and settlement of accounts.

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INDUSTRIAL

CONSTRUCTION

Background

There is little definitive information available on the construction industry in Albania. Past estimates of construction output have been based largely on statements of percentage increases in the volume of construction. There is a dearth of information concerning labor force, productivity, construction costs, the distribution of construction output among economic sectors, organization of the construction industry, and construction technology.

Construction has played an important role in the investment build-up in Albania in the postwar years. In the First Five-Year Plan (1951-55), construction accounted for 65 percent of total capital investment, and planned construction in the Second Five-Year Plan represents 59 percent of planned capital investment. From 1949 to 1955, the volume of construction increased by 170 percent. Plan fulfillment has been reasonably good, and there is no reason to expect that the construction industry has significantly affected the over-all plan goals. The construction industry, however, suffers the same shortcomings as most of the other European Satellites--failure to insure timely arrivals of construction materials, shortages of manpower and necessary cadres for the construction sector, and poor organization and management of construction work. The Second Five-Year Plan calls for a modest increase in investment in construction of 16 percent over the value of construction output in the First Five-Year Plan. Better organization and improved labor productivity are viewed as the means of achieving the planned increase in construction output. Planned increases in production of building materials, if implemented, will aid materially in the fulfillment of the plan by improving the flow of materials to building sites.

Basic Requirements

Economic plans, programs, plan fulfillment reports, significant failure and achievements; construction planning apparatus; effects of recent moves to decentralize control over planning and execution of construction activity.

Distribution of construction output among major economic sectors; the extent of military and defense construction and the impact on the over-all construction program; shortages of building materials, particularly cement; any evidence of cutbacks in housing, social, and cultural construction so that scarce construction resources can be

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diverted to industrial construction; developments in the production of prefabricated sections and large wall panels for housing and other construction, with particular reference to production of lightweight panels and completely prefabricated houses; progress in applying techniques of industrialized construction.

Methods of arriving at estimate prices for construction materials and manpower used in investment planning; actual costs of production of various building materials; prices at which materials are sold to construction enterprises and the basis for their determination; relationship of market prices to production costs and estimate, or plan prices; price basis used by the construction industry in reporting plan fulfillment, i.e., is plan fulfillment reported in terms of plan prices or does it reflect actual prices paid for inputs, where actual prices differ from plan prices.

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MACHINE BUILDINGS INDUSTRY

Background

Albania's machine building industry is very small. The industry, in fact, can be characterized as being of the shop-work level.

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The machine building industry is not capable of meeting the domestic demand for machinery products even though this requirement is limited.

Some industrial construction has been started in Albania in the last three years, but this small, backward, and essentially agricultural economy has barely begun the process of industrialization. The only plant of any size producing articles falling under the engineering classification is the Enver Hoxa Works in Tirana.

Basic Requirements

Output statistics, both planned and actual, in physical units and value terms; Bloc and non-Bloc imports and exports of machinery products; planned and actual investment; size of labor force, wages, and breakdown of skills; production costs and wholesale prices; inputs of labor and materials; sources of raw and semi-fabricated materials. Among the machinery and equipment industries the following are important: machine tools, agricultural machines, chemical and refining machinery, textile machinery, precision goods and instruments, transportation goods (trucks, tractors, locomotives and rolling stock), bearings, mining and oil-field machinery, and construction machinery.

The type of information desired is frequently contained in reports sent by producing plants to the Central Statistical Office.

<u>No.</u>	<u>Target</u>	<u>Location</u>
1	Ministry of Industry and Mines	Tirana
2	Ministry of Construction	Tirana
3	State Planning Commission	Tirana
4	Ministry of Foreign and Domestic Trade	Tirana

INTERNAL COMMUNICATIONS AND COMMUNICATIONS WITH THE USSR

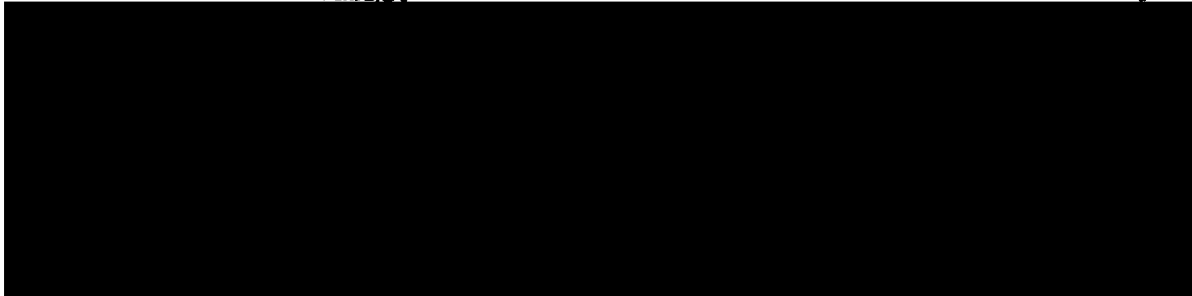
Background

Existing telecommunications facilities are generally adequate to meet the minimum requirements of the economy. Military operations and future economic development, however, will require an expansion of these facilities. In order to facilitate this expansion, modern communications techniques are required, such as the use of microwave radio relay equipment, interurban coaxial cable, and carrier frequency telephone terminal and repeater equipment. The use of these techniques will provide increased circuit capacity and alternate communications routes, thus reducing the vulnerability of the telecommunications network.

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Basic Guidance

Pinpoint the location and describe the type of equipment installed or being installed to provide an expanded basic telecommunications network. Items of interest are the microwave radio terminal and relay equipment, type and number of tubes in coaxial cable, size and number of conductors in multiconductor cable, type and circuit capacity of carrier frequency telephone equipment used with microwave radio relay, coaxial cable, and multiconductor cable.



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